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SUBJECT: NICARAGUA - FEEDBACK ON ECPA AND RENEWABLE ENERGY

REF: A. STATE 67032
[1](#)B. STATE 73217
[1](#)C. MANAGUA 166

[1](#)1. (U) Summary: Econoffs met recently with Vice Minister of Energy and Mines Lorena Lanza to encourage Nicaraguan participation in the Energy and Climate Partnership of the Americas (ECPA) and to solicit feedback on the Americas Energy and Climate Symposium in Lima. Lanza generally agreed with USG policy on renewable energy development and noted her attendance at the recent preparatory meeting for the International Renewable Energy Agency (IRENA) in Egypt. Lanza did not comment, however, on Nicaragua's failure to participate in the ECPA or attend the Lima Symposium. According to Lanza, Nicaragua is implementing its portion of the Central American Electrical Interconnection System, or SIEPAC, and expects to complete work by the end of 2009. End summary.

[1](#)2. (U) Econoffs met recently with Vice Minister of Energy and Mines Lorena Lanza to encourage Nicaraguan participation in the Energy and Climate Partnership of the Americas (ECPA) and to solicit feedback on the ECPA and on the Americas Energy and Climate Symposium in Lima. Topics of discussion also included the International Renewable Energy Agency (IRENA) and the Central American Electrical Interconnection System (SIEPAC). Lanza did not specifically address the possibility that Nicaragua would participate in the ECPA or submit a proposal for the Low Carbon Communities program, but she was open to further discussion on Nicaragua's support for joint renewable resource efforts.

POSITIVE ON IRENA AND RENEWABLE ENERGY

[1](#)3. (U) Econoffs explained the U.S. decision to sign the International Renewable Energy Agency (IRENA) Statute on June 29, 2009. Lanza, who attended the IRENA meeting in Egypt June 28-30, expressed Nicaragua's strong interest in renewable energy. She said that the Government of Nicaragua (GON) has developed a strategic energy plan dedicated to Nicaragua's transition--within the next 5 years--from dependence on fossil fuels for 80% of its energy production (primarily imported fuel oil) to the use of renewable resources to produce 80% of its energy. Although Lanza provided no additional details, she believes that the national energy strategy will encourage private investment for renewable energy projects.

CURIOUS ABOUT THE ECPA

[1](#)4. (U) Lanza expressed general agreement with USG policy goals on renewable energy. She was interested in

international cooperative efforts related to the ECPA and wanted to know which countries attended the Lima symposium. Lanza, however, offered no comment on Nicaragua's failure to participate in the ECPA or to attend the Lima Symposium. Lanza did not express any concrete interest in technical assistance from the Low Carbon Communities project of the U.S. Department of Energy. She added that "little countries" like Nicaragua are suffering the consequences of climate change caused by large, industrialized countries like the United States.

AND OPTIMISTIC ON SIEPAC

15. (U) Lanza stated that the SIEPAC (Sistema de Interconexion Electrica para America Central, or Central American Electrical Interconnection System) project was being implemented successfully in Nicaragua and would give the country a way to sell any future electricity surpluses. Lanza said that Nicaragua expects to complete construction of its SIEPAC infrastructure by the end of 2009. On the regulatory side, Lanza claimed that Nicaragua will have no difficulties making the changes necessary to implement SIEPAC. Lanza was optimistic that SIEPAC would begin to operate in 2010, and she expressed hope that developing a regional energy grid would promote much-needed investment in Nicaragua. The primary challenges with this project and other energy-related projects, she said, are financial. For example, Nicaragua's main transmission line is 40 years old and in need of up of an upgrade.

COMMENT

16. (SBU) Lanza was positive about regional cooperation in pursuit of renewable energy, but the GON's support for the "alternative" policies of ALBA, the Bolivarian Alliance for the Americas, make it politically unlikely for the time being that Nicaragua will participate in the U.S.-led ECPA or related projects in any significant way. Nicaragua has made some progress in developing its abundant renewable energy resources by facilitating and approving private investment in wind and hydroelectric power projects, but a highly uncertain investment climate means that the country will continue to remain dependent on fossil fuels for the foreseeable future.

CALLAHAN